

## BULGARIA

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Capital: Sofia

GDP per capita (PPP): \$6,200 (2000 est.)

Population: 7,707,495 (July 2001 est.)

Foreign Direct Investment: \$975,000,000

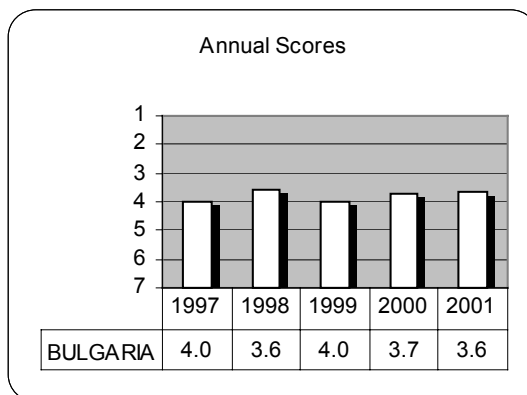
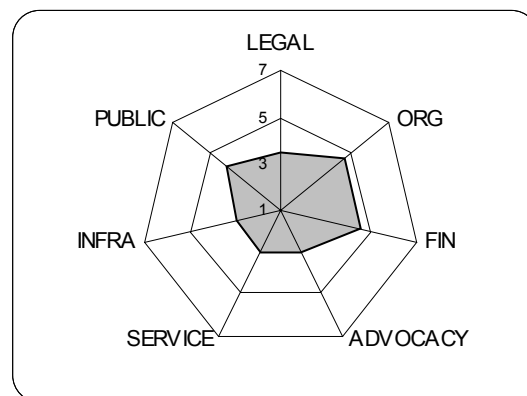
Inflation: 10.4% (2000 est.)

Unemployment: 17.7% (2000 est.)

### OVERALL RATING: 3.6

The Bulgarian civil society sector includes approximately 8,000 organizations, including political and religious organizations. About half of those are "Chitalishta", traditional Bulgarian educational and cultural organizations, most of which currently provide a very limited scope of services. There are organizations active in almost all spheres of traditional NGO activity including: civil society development, social services, environment protection, human rights, economic development and education. Over the past three years, the number of organizations considered "active" has increased from 1,000 in 1998 to about 1,900 in 2001.

A new framework law governing the establishment, functioning and legal status of NGOs in Bulgaria came into effect on January 1, 2001. This law lays the foundation for changes in tax and other related legislation that will improve the prospects for NGO sustainability. Most NGOs are extremely dependent on foreign funding. While the ability to raise funds domestically remains constrained, a significant number of NGOs report receiving some level of support from local government and businesses. Most organizations are project driven, and links with constituents are generally weak. There is often a lack of coordination among NGOs and limited capacity to form networks. Still, NGOs are successful in lobbying on specific issues and are constantly improving their relations with central and local government. Although public awareness of NGOs has increased over the past year, the public is generally not well informed about NGO activities.



### LEGAL ENVIRONMENT: 3.5

The new Non-Profit Legal Entities Act, effective as of January 1, 2001, is the culmination of several years' work by

several Bulgarian lawyers, civil society organizations and parliamentarians, with critical assistance provided by the Inter

national Center for Non-for-Profit Law (ICNL). While the new NGO law is an important first step, it is still too early to judge the full impact of the law on the NGO sector, as implementation has just begun.

The new NGO law provides for easy registration of NGOs in court. Registration can only be denied if the purposes of the organization are illegal. Moreover, the law strictly limits state powers over dissolution of an organization.

The new law outlines requirements relating to the internal governance of associations and foundations. Furthermore, the law introduces one of the most modern international legal principles on NGO status by defining two categories of organizations – public benefit organizations (PBOs) and mutual benefit organizations (MBOs). PBOs are organizations whose activities fall within one of the public benefit categories specified in the law and are registered with the Public Registry within the Ministry of Justice. Only PBOs are entitled to benefits from the state.

According to the new law, NGOs are allowed to earn revenue through economic activities related to their mission. NGOs may also set up subsidiaries that may engage in any economic activity, but their profits are taxed at the same level as businesses. This provision improves the prospects of NGO sustainability through the provision of various services. However, NGOs still face difficulties with VAT and are sometimes forced to pay taxes on grants, as there is no clear legal definition of a grant.

The new NGO law is considered progressive and will provide a basis for future work on tax law amendments and related procurement legislation. A working group on tax legislation has drafted a package of amendments, which is currently being discussed by NGOs and the newly elected parliamentarians and government officials. Legal assistance in the area of social contracting is also underway. However, since no tax benefits have yet been adopted, and implementation of the new law has just started, the rating for the category remains at its 2000 level.

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### ORGANIZATIONAL CAPACITY: 4.5

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A small core of strong, viable and influential NGOs exists in Sofia and in other urban centers, with some viable NGOs emerging in other parts of the country. Most NGOs are comprised of small groups of people surviving on a project-by-project basis, with nonexistent or weak links to constituencies. The new law requires the internal management structure of NGOs to have a clear division between staff and members. Nevertheless, boards are seldom active and NGOs continue to be dependent on the executive director's personality and skills. Leading NGOs employ permanent staff, and have some success attracting volunteers, despite the fact that only 4%

of the population participate in NGO activities. Although NGOs declare their missions when they register, mission statements are often broad and do not reflect the organization's actual mission or vision.

NGOs rarely undertake a detailed planning process, as they are dependent on international donor funding and generally respond to the goals set by donors. As such, their planning remains short-term and ad-hoc. Most NGOs do not have a regular mechanism to analyze constituents' needs and there is still no "culture" of constituency building. There remains a great need for tailored train

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ing programs that meet the organizational needs of individual NGOs and encourage constituency building. In addition to training, NGOs still need basic office equipment. NGOs are generally

only able to obtain modern office equipment on a project-by-project basis. However, Internet access has increased from 25% of NGOs in 1998 to 46% in 2001.

### **FINANCIAL VIABILITY: 4.5**

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The financial viability of the NGO sector remains extremely low, with the exception of a few strong NGOs located primarily in the capital. Many of the smaller NGOs are entirely dependent on international donor funding. NGOs are generally pessimistic about the prospects of alternative funding sources, and NGO budgets are generally not diversified. However, there are examples of NGOs attracting local business support, as demonstrated by the fact that 48% of NGOs report receiving at least some financial assistance from businesses over the past year, an increase of 8% from the previous year. In addition, a survey conducted among 300 companies showed that 25% of the firms inter-

viewed made financial or in-kind donations to NGOs during the past two years.

NGOs have had some success in garnering support from local government as well; 24% of NGOs report receiving some government funding, albeit generally insignificant. However, most NGOs still face significant resistance at the municipal level. While some organizations collect membership fees and charge for their services, the income generated by such activities is extremely small due to the overall poverty in the country. However, new legislation allows for economic activities and raises the prospects for future NGO sustainability.

### **ADVOCACY: 3.0**

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NGOs are becoming increasingly aware of the need to engage in advocacy activities. Existing legislation allows for NGO input into the legislative process, and NGOs are gradually gaining seats on important policy-making committees. Receptivity to NGO input, however, is often dependent upon the good will of individual lawmakers. While advocacy coalitions do come together around specific issues, there is no coalition to advocate on behalf of the NGO sector as a whole. Still, NGOs have been fairly successful in forming issue-based coalitions and have been active in promoting legal reform. NGOs were successful in advocating many policy changes over

the past year, including in such areas as NGO and media legislation, environment, and business. For example, as a result of a campaign organized by the Center for Independent Living, a local NGO working with the disabled, provisions were adopted that obliged that Ministry of Labor and Social Policy to develop programs to integrate people with disabilities into mainstream society. A Parliamentary commission on civil society was created in the summer of 2001 and will hopefully play a key role in the future. In addition, an advisory Public Council was created in Parliament to serve as a key advisory body on civil society and public interest issues.

### **SERVICE PROVISION: 3.0**

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NGOs successfully provide some social services in areas such as day care, health care services for disadvantaged groups, and home care for the elderly. NGOs also offer a great variety of services in other fields, although they generally reflect the strategies of international donors rather than local community needs and priorities. Indigenous services to the NGO sector include publications, workshops and expert analysis.

As the state withdraws from some sectors, opportunities are emerging for NGOs to take up services previously provided by the state. Although some NGOs charge for their services, the prospects for cost recovery are extremely limited due to the overall poverty in the country. In general, the government recognizes the value of NGOs, although support is still very limited.

### **INFRASTRUCTURE: 3.0**

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A number of NGO resource and information centers operate throughout the country. Most provide a limited scope of services, but at a minimum provide the essential information needed by NGOs to function effectively, including information on registration, operation, proposal writing, and management. These centers are generally successful in attracting limited amounts of income from locally generated sources. NGO networks are functioning in a number of individual sectors, such as media and the environment. Diverse training opportunities are available and are based on well-developed systems.

Inter-sectoral partnerships are generally issue-based, and there is an increasing awareness among media, local government and business of the value of NGOs. For example, a group of business leaders in the town of Sevlievo have established an organization, similar to a community foundation, to provide financial support for projects of priority to the community. In addition, USAID is starting a program to support the development of community funds, community-based mechanisms that bring together NGOs, businesses, and local government to solve local problems by generating local resources and targeting them to community needs.

### **PUBLIC IMAGE: 4.0**

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As a whole, NGOs are under-represented in the media. They enjoy some positive media coverage at the local level, but national Bulgarian media is mostly focused on political issues. Although some NGOs try to operate transparently and attract public attention, most NGOs do not have a media strategy and their contacts with media are on an ad-hoc basis. In general, the public is slowly becoming better in-

formed about NGO activities. Public awareness of NGOs has increased from 52% in 2000 to 61% in 2001. NGOs are increasingly recognized by government institutions and consulted on a number of issues. Relations with the media are constantly developing, and special features focused on the role and activities of NGOs are emerging on Bulgarian radio and television. The Bulgarian Media Coalition (BMC) continues its work to

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improve collaboration and contacts between NGOs and the media. For example, during the past year, it has helped

selected NGOs develop effective media strategies.